



Levy Review Committee Report

August, 2005

Franklin County Alcohol, Drug and Mental Health Board





Commissioners

Mary Jo Kilroy, President
Dewey R. Stokes
Paula Brooks

August 02, 2005


The Honorable Mary Jo Kilroy, President
The Honorable Dewey R. Stokes
The Honorable Paula Brooks
Franklin County Board of Commissioners
373 S. High St., 26th Floor
Columbus, OH 43215-6314

Dear Commissioners:

After a thorough analysis of the Franklin County Alcohol Drug and Mental Health Board levy request, it is the recommendation of the Human Services Levy Review Committee that the Commissioners place a replacement levy of 2.2 mills on the November 08, 2005, ballot for a period of ten years effective for tax collections beginning January 1, 2007. Enclosed is a detailed report that supports our recommendation.

Thank you for the opportunity to serve Franklin County in such a meaningful way.

Sincerely,



Marvin G. Gutter, PhD, CPA
Chair, Human Services Levy Review Committee

CC: Don Brown, County Administrator

FOREWORD

2005 ADAMH Board

Levy Review Committee

Report

On March 30, 1999 the Franklin County Commissioners passed a resolution authorizing the creation of a Human Services Levy Review Committee and appointed seven (7) members to fulfill the following charge: (see Appendix A)

- Review social service levy requests
- Evaluate potential levy impact on service population, other social service providers, and the community
- Evaluate agency program performance to voted levy objectives
- Conduct ongoing financial reviews of levy funded social service agencies
- Provide recommendations regarding proposed millage amounts and the timing of levy requests

The Commissioners have appointed the following members to serve:

- | | |
|------------------------------|--|
| 1. Denise Bronson, Ph.D. | The Ohio State University |
| 2. Marvin Gutter, Ph.D., CPA | Ohio Tobacco Use Prevention & Control Foundation |
| 3. Jesse M. Hemphill, CPA | Hemphill & Associates, Inc. |
| 4. Amie Preston, CPA | Limited Brands, Inc. |
| 5. Christy Saxton | Franklin County OMB |
| 6. Wade Steen, CPA | Lutheran Social Services of Central Ohio |
| 7. Nathan Wymer | Nationwide Insurance Company |

Dr. Marvin Gutter, Committee Chairperson
Jesse M. Hemphill, Committee Vice-Chair

The Committee is staffed by:

Amy Funk, MBA & Sherri Hall, LSW, MPA, MLRHR

The Levy Review Committee evaluates levy requests from both a financial and programmatic perspective to assure that information provided by human services agencies has been analyzed and evaluated in a logical and consistent manner. Committee staff works with the various agencies to compile and analyze the data presented to committee members. Committee staff also prepares issue-oriented analyses and presents their findings to committee members.

Committee staff on a continuous basis works with Franklin County Children Services (FCCS), the Franklin County Board of Mental Retardation and Developmental Disabilities (FCBMRDD), the Alcohol, Drug Addiction and Mental Health Board (ADAMH Board), and the Franklin County Senior Options Program (FCSO) to provide regular updates to the Levy Review Committee regarding ongoing agency activities and performance. This approach has ensured the Levy Review Committee is continually informed, which facilitates their evaluation of future funding requests.

TABLE OF CONTENTS

	<u>Page</u>
Executive Summary	
Millage Recommendation	1
Summary of Recommendations	3
Introduction	
ADAMH Board Overview	4
ADAMH Board Levy Request	5
Levy Review Committee Process	6
Noteworthy Accomplishments	8
Operational Issues and Recommendations	
Penetration	12
Provider Administrative Costs	14
Provider Monitoring	15
Overview of Revenue	
Original ADAMH Board Request and Assumptions	17
Levy Review Committee Adjustments	19
Overview of Expenditures	
Original ADAMH Board Request and Assumptions	20
Levy Review Committee Adjustments	26
Impact on Local Households	31
Conclusion	34
Appendices:	
A. Resolution #311-99, authorizing creation of a Human Services Levy Review Committee and appointing its members	
B. The ADAMH Board Levy Request	
C. Franklin County Board of Commissioners letter asking the Human Services Levy Review Committee to review the ADAMH Board levy request and provide recommendations	

EXECUTIVE SUMMARY

In evaluating the Alcohol, Drug and Mental Health Board (ADAMH Board) request, the Levy Review Committee spent a significant amount of time learning the programmatic aspect of the agency as well as performing an in-depth financial analysis.

Millage Recommendation

Based on an analysis of the ADAMH Board's programmatic, managerial and financial areas, it is the recommendation of the Levy Review Committee that the Commissioners place a replacement levy of 2.2 mills on the November 08, 2005 ballot. This levy is recommended for a period of ten years and will be effective for tax collections beginning January 1, 2007.

This recommendation is supported by the following:

1. Under a renewal levy, the ADAMH Board would need to implement approximately \$6 to \$8 million (7%) in cuts beginning in 2006 and continuing into 2007 in order to balance the budget. These cuts would eliminate services to approximately 2,600 Franklin County residents in these two years alone. Due to the increasing cost of providing care, another 700 individuals per year could lose services, as the renewal levy revenue would not keep pace with inflation. By the year 2013, the ADAMH Board would only be able to support Medicaid services and consumers. Services including housing, vocation training and prevention would be almost entirely eliminated.
2. Under a 1.9 mill replacement levy with a decrease, the ADAMH Board would have the ability to maintain the current volume of non-Medicaid services with no new services available. However, since the ADAMH Board is mandated by the state to provide Medicaid services, a 1.9 mill replacement with a decrease would impact the Medicaid/Non-Medicaid mix of services in the future.
3. The overall population of Franklin County is projected to grow 8% to approximately 1.2 million residents by the year 2016. As a result, it is expected that the number of persons needing mental health and addiction services will increase proportionally.

4. In 2004, the ADAMH Board reported that 7,259 Severely Mentally Disabled (SMD) consumers received services at an average cost of \$4,982 per consumer. These services included counseling, case management, housing and vocational services. By the year 2016, the ADAMH Board plans to increase the number of SMD consumers served by 17%. By the end of this levy, the ADAMH Board plans to serve 8,791 SMD consumers, or more than 63% of those in need.
5. In 2004, the ADAMH Board reported that 9,632 children received mental health services and another 1,003 children received substance abuse services at an average cost of \$2,784 per child. The ADAMH Board also invested \$6 million in prevention services. By the year 2016, the ADAMH Board plans to increase mental health services to children by 35% to 13,892 and also plans to increase substance abuse services by over 69% to 1,700 children.
6. The ADAMH Board reported in 2004, that 13,635 adults received mental health services at an average cost of \$1,198 per consumer. These treatment services include crisis services, counseling and case management on an outpatient basis. Furthermore, the ADAMH Board reported that another 9,224 adults received alcohol and other drug treatment services in 2004, at an average cost of \$2,042 per adult. With new levy funds, the ADAMH Board anticipates by 2016 serving 16,180 adults in need of mental health services and 10,632 adults in need of addiction treatment services.
7. As part of Ohio's Biennial budget process, a tax reform bill has been passed that will have a significant impact on levy revenue collections. This legislation will affect inventory, furniture and fixtures and machinery and equipment taxes by either eliminating them or accelerating their phase-out. Based on this new legislation, the ADAMH Board is estimating a decrease in levy revenue of approximately \$10 million over this 10-year levy cycle.
8. According to the results of a public employer's healthcare survey, the State Employment Relations Board (SERB) reported that the cost of medical insurance for Ohio's public employees rose by a combined average of 15% in 2004 over the previous year. The cost of prescription drug coverage in 2004 compared to 2003 was up 22.5% for single coverage and up 15.6% for family coverage. Based on this data, the Levy Review Committee is estimating that Franklin County's healthcare costs will rise 12.5% each year. The cost of the ADAMH Board's healthcare over the life of the 10-year levy is projected to be approximately \$13.7 million.

Therefore, based on the Levy Review Committee's analysis of the information provided by the ADAMH Board, the Committee has concurred with the agency's requested 2.2 millage rate.

Summary of Recommendations

A summary of recommendations is provided below. The detailed analyses underlying the recommendations are contained in the respective sections of the levy review report. All interested parties are encouraged to read the entire report.

Operational Recommendations

- The Levy Review Committee recommends that the ADAMH Board re-evaluates the strategies used to increase its consumer base of individuals new to the system.
- The Levy Review Committee recommends that the ADAMH Board takes steps to ensure that excessive amounts of administrative costs are not built into its provider contracts.
- The Levy Review Committee recommends that the ADAMH Board identifies thresholds for its consumer satisfaction surveys.
- The Levy Review Committee recommends that the ADAMH Board continues to develop and then implement evaluation processes of its prevention programs.

Financial Recommendations

- The Levy Review Committee recommends that the ADAMH Board adjusts its levy revenue projections to incorporate the state's fiscal year 2005 personal property tax reforms, which will result in a \$10 million levy revenue reduction over the 10-year levy cycle.
- The Levy Review Committee recommends that the ADAMH Board reduces its provider rate expense increase to 3% in the first year of the levy.
- The Levy Review Committee recommends that a 2% annual salary expense increase be budgeted for ADAMH Board employees over the next 10 years.
- The Levy Review Committee recommends that the ADAMH Board budgets a 12.5% annual increase in healthcare expense over the next 10 years.
- The Levy Review Committee recommends that the ADAMH Board evenly spreads its projected \$4.5 million innovation total, \$450,000 per year, over the 10-year levy cycle.

INTRODUCTION

The Franklin County Board of Commissioners, as the taxing authority for the county, received a request from the ADAMH Board to place a countywide property tax levy of 2.2 mills on the November 08, 2005 ballot. This request is a ten-year replacement of the 2.2 mill levy expiring at the end of 2006 (see Appendix B).

Commissioner Mary Jo Kilroy, on behalf of the Board of Commissioners, forwarded the ADAMH Board request to the Human Services Levy Review Committee Chairperson, Dr. Marvin Gutter. The commissioners asked the Levy Review Committee to review the request and to advise them of its recommendations (see Appendix C).

The following report is the Levy Review Committee's response to the Board of Commissioners request.

ADAMH Board Overview

The mission of Franklin County ADAMH Board is to improve the well being of our community by reducing the incidences of mental health problems and eliminating the abuse of alcohol and other drugs in Franklin County.

The ADAMH Board helps Franklin County residents find the right places to turn for affordable, quality mental health and substance abuse services. This is accomplished through contracts with more than 40 local non-profit agencies located in neighborhoods throughout the county, as the ADAMH Board does not provide direct services. These community not-for-profit agencies provide mental health and alcohol/drug addiction treatment services on a sliding scale fee; meaning that any Franklin County resident can receive needed services and will be charged on the basis of income and circumstances. Professionals also work in hundreds of schools in every community in the county to help young people understand the dangers of using and abusing alcohol and other drugs. The ADAMH Board also funds suicide prevention programs in schools throughout Franklin County.

The ADAMH Board of Trustees is comprised of 18 citizen volunteers who provide leadership and direction in forming policies and allocating funds. All are volunteers and come from various walks of life. Board of Trustees members must be residents of the district and interested in mental health programs and facilities or alcohol or drug addiction programs. Ten members are appointed by the Franklin County Commissioners, four by the Ohio Department of Mental Health and four by the Ohio Department of Alcohol and Drug Addiction Services.

In 2004, almost 40% (\$43,124,121) of the ADAMH Board's total resources of \$126,344,828 came from a single property tax levy approved by voters. The remaining resources include the following: Medicaid FFP (\$33,078,978), Federal (\$9,078,021), State (\$29,956,961), Local (\$1,106,747).

The ADAMH Board gets its mandates from the Ohio revised code, sections 340.01, 340.03, and 340.033. The primary State departments that work with the ADAMH Board are the Ohio Department of Mental Health and the Ohio Department of Alcohol and Drug Addiction Services.

ADAMH Board Levy Request

The current levy revenue for the ADAMH Board is generated through a 10-year, 2.2 mill replacement property tax levy approved by voters in 1996. The current levy collections end in December of 2006.

The ADAMH Board levy request estimates that a 2.2 mill replacement levy would generate \$65 million annually, up from the \$43 million currently being collected. According to the ADAMH Board, a 2.2 mill replacement levy will cost the owner of a \$100,000 home an additional \$27.95 per year over projected 2006 figures, which totals a little more than \$2 a month. The \$220 million in additional revenue generated over the life of this replacement levy will provide for continuation of current service levels, mandated increases in Medicaid, and includes the increased cost of doing business. Included in the \$220 million revenue increase, the ADAMH Board has estimated that the requested levy will support an investment of \$76.4 million in new initiatives. Of this amount, \$68 million will be provided for treatment services to children and adults and \$7.4 million in prevention services to children and families. This estimate also includes \$1 million to fund an additional 250 housing units for consumers. Treatment services provided to children and adults include the following:

- New funds provided through the replacement levy will be used to enhance services to children with mental health needs by more than 8% in 2007 and by almost 35% by 2016.
- New levy resources will be used to increase the number of adults and older adults receiving services through the ADAMH Board's system of care. Levy dollars will be used to increase the number of adult mental health consumers by almost 16% by 2016.
- Levy dollars will be used to increase the number of severe mental disability (SMD) consumers receiving services by more than 6% in 2007 and by more than 17% by 2016.

- Levy dollars will allow for substance abuse services to be made available to more than 1,700 Franklin County children by the year 2016. This represents an increase of almost 58% over estimated 2006 service levels. During the first year of the levy alone, the ADAMH Board hopes to increase services to this population by 30%.
- Levy dollars will be used to increase services to adult alcohol and other drug consumers by almost 13% by 2016.

Levy Review Committee's Review Process

The goal of the levy review was to fully understand the request, validate the needs expressed by the ADAMH Board, and validate the financial, consumer and community impact of the proposed service levels.

Committee staff began this levy review with the formation of a Levy Review Plan that identified the initial scope of the review through objectives. Each objective also included sub-objectives. The main objectives were as follows:

- What circumstances have led to the ADAMH Board's current levy request?
- What are the levy options?
- Does the ADAMH Board's ten-year forecast reasonably and logically project future revenues to provide reasonable assurance of accuracy?
- Does the ADAMH Board's ten-year forecast reasonably and logically project expenditures to provide a reasonable assurance of accuracy?
- Will resources be sufficient to support the ADAMH Board's services through the life of the levy?
- How does the ADAMH Board compare with other ADAMH Boards?
- What will the passing of the levy accomplish?

After reviewing the ADAMH Board's presentation and written levy request, the Levy Review Committee and its staff formulated a series of follow-up questions for the ADAMH Board. Subsequent meetings and the ADAMH Board's responses produced additional questions, which in turn produced key issues identified by Committee staff and presented to the Levy Review Committee. The ADAMH Board was given the opportunity to address these key issues as well as address additional questions from the Levy Review Committee.

Committee staff simulated a variety of alternatives to the initial ADAMH Board levy request. These alternatives were then presented to the Levy Review Committee and discussed in detail. Subsequently, the ADAMH Board staff was given the opportunity to respond to these analyses.

As a result of this process, the levy review involved significant information sharing between the Levy Review Committee, Committee staff, the County Administrator and management from the ADAMH Board. Individuals were involved in periodic meetings throughout the process to discuss key issues impacting selected areas, and proposed recommendations.

Noteworthy Accomplishments

The ADAMH Board is dedicated to providing quality, comprehensive services for persons with mental health issues and substance abuse problems. Over the years, the ADAMH Board has taken steps to adhere to this commitment through several initiatives that range from increasing community partnerships to expansions in its technology. Since the passing of the 1996 levy, the ADAMH Board, its providers, and community partners, have come together to respond to community and operational needs that provide an array of services. The following highlights a few of the ADAMH Board's accomplishments since the last levy.

Managing for Results/Accountability

- In 2002, in order to best serve its consumers and community, the ADAMH Board adopted the County's initiative called Managing for Results (MFR). MFR is a long-term strategic planning initiative that has helped the ADAMH Board make improved business decisions and establish accountability standards that measure results. MFR is a results-oriented management system that integrates planning with budgeting and performance measures and is being used by every component of Franklin County Government. MFR is a blueprint that helps the ADAMH Board measure the difference it, as a system, is making for consumers and taxpayers. The ADAMH Board is now organized around results, rather than around processes, functions, or traditional tables of organization. In addition to being able to better serve its consumers through the use of MFR, the ADAMH Board has implemented employee performance plans for all employees, based on the MFR Strategic Business Plan results.
- In 2003, ADAMH-STAT was developed along with Provider-STAT. ADAMH-STAT is a quarterly reporting system in which staff presents measurable programmatic progress as well as issues of concern to the ADAMH Board leadership. Provider-STAT is the ADAMH Board's external accountability platform to measure performance of its contracted treatment providers.

Community Partnerships

- In 1999, a program was developed to provide a safe space for publicly intoxicated individuals to detoxify and to consider engaging in treatment. In 2001, the program was located at Maryhaven in a new facility called the Community Engagement Center at Maryhaven.
- In 2002 and 2004, the ADAMH Board implemented three specialty courts in Franklin County, utilizing a combination of levy dollars, local dollars, and grant funding.

- In 2002, the ADAMH Board partnered with the Franklin County Juvenile and Domestic Relations Court to develop and institute the first Family Drug Court. This court was developed as a family-centered strategy to reunite families that have been disrupted by substance abuse.
- In 2004, the ADAMH Board partnered with the Franklin County Court of Common Pleas and alcohol and other drug treatment providers to develop and institute the first adult drug court in Franklin County.
- In 2004, the ADAMH Board partnered with the Franklin County Municipal Court and mental health providers to develop and institute the first adult mental health court in Franklin County.
- In 2004, the ADAMH Board developed the first ever Children's Residential Services Protocol in partnership with Franklin County Children Services and residential child-serving providers. This protocol for out-of-county residential services focuses on the prioritization of referrals for residential care to in-county providers prior to referring children to out-of-county for care. The utilization of this protocol has resulted in a decrease in children and adolescents being referred to out-of-county residential providers. These efforts assist in keeping children closer to their families and community support.

Community Education

- In 2000, the ADAMH Board developed a consumer print newsletter called "ADAMH in Focus". This newsletter is distributed to community stakeholders, consumers, providers and elected officials.
- In 2003, the ADAMH Board launched its first paid public awareness television and radio campaign in an effort to decrease the stigma associated with mental illness. The ads contain anti-stigma messages regarding mental illness, specifically focusing on the fact that mental illness can happen to anyone, regardless of gender, race, education level etc.
- In 2004, the ADAMH Board developed an e-newsletter called "ADAMH E-news". This news letter is distributed to community stakeholders, consumers, providers and elected officials, replacing the printed version of the news letter, "ADAMH in Focus."

Consumer and Family Member Involvement

- In 1997, the ADAMH Board reconstituted the Consumer and Family Advisory Committee. Consumers and family members with mental health and substance abuse issues constitute this advisory council. It provides a venue for these individuals to provide advice and perspectives to the ADAMH Board.

- In 2005, the National Alliance for the Mentally Ill (NAMI) Ohio named the ADAMH Board, “Board of the Year”. NAMI Ohio consists of more than 60 county affiliates statewide and represents more than 500,000 people each year. NAMI Ohio ensures that individuals with mental illnesses and their families are represented in places where decisions are made. The ADAMH Board of Franklin County was chosen for the award due to its participation in several local Family-to-Family educational programs for those suffering from mental illness and other activities throughout the Franklin County community.

Cultural Competency

- In 2003, the Cultural Competency Advisory Committee was formed. This committee has broad representation from a variety of minority groups (African-American, Latino, Asian, Somali, and Russian communities). The purpose of the committee is to continue the development of additional cultural competency standards, plan for the development of capacity needed to support the system in implementing cultural competency plans, and assist organizations as they begin cultural competency assessment and planning initiatives.
- In 2004, the Latino Advisory Committee was formed and has wide representation from all Latino community organizations in Central Ohio (Centro Esperanza Latina, Ohio Hispanic Coalition, L.E.O.N). This committee is charged with developing short term and long term plans to handle the mental health and substance abuse issues of people in the Latino community.
- In 2005, the Somali Advisory Committee was formed and has wide representation from all Somali community organizations. The committee was formed to develop culturally appropriate short and long term plans to handle the mental health and substance abuse issues of people in the Somali community.

Cost Efficiencies

- In 2000, the ADAMH Board began utilizing Medicaid retroactive claiming. Many times the ADAMH Board pays for claims for consumers who are not initially Medicaid eligible. Later however, when the Ohio Department of Jobs and Family Services (ODJFS) researches their eligibility, ODJFS may make them retroactively eligible for Medicaid. This means that any services that are already paid for, can be reversed out of the system as non-Medicaid and be paid as Medicaid. Over the last three or four years, this process has netted the ADAMH Board about \$4 million in revenue that they would not have received otherwise.
- In 2004, the ADAMH Board began enhanced Medicaid Spend Down. This process involves the ADAMH Board working with Franklin County Department of Jobs and Family Services and the State to ensure that consumers who start the month as not Medicaid eligible, are subsequently reported as Medicaid eligible due to the fact that they have incurred a certain amount of medical expenses that

once charged against their income, makes them eligible. For the particular individual, this means that they may obtain access to primary health care that can enhance their quality of life.

- In 2003, the ADAMH Board implemented a state hospitalization bed day strategy. The ADAMH Board buys bed days in advance, based on what it believes will be utilized by their consumers. These monies are taken from their budget up front. As a result, this has made the ADAMH Board plan their hospital bed day usage more precisely. The more accurately the ADAMH Board predicts and utilizes its bed day usage, the more it maximizes its revenues. Thus far, the ADAMH Board has saved approximately \$1 million using its current strategy.
- In 2003, the ADAMH Board launched a grants initiative. This initiative has sought out public and private grants, to augment flat state funding. The initiative has led to more than \$600,000 in direct funding to the ADAMH Board.

Technology

- In 1998, the Multi-Agency Community Service Information System (MACSIS) was created. MACSIS is a shared system between the Ohio Department of Mental Health, the Ohio Department of Alcohol and Drug Addiction Services and the Community MH/ADAMH/ADAS Boards throughout the state. The system gives Boards the ability to enroll members in a health care plan and to process healthcare claims for those members from a network provider.
- In 2003, the ADAMH Board implemented a Data Warehouse to combine data from multiple sources into a single reporting tool. This initiative started in the fall of 2002, and the initial phase was completed in 2003. This Data Warehouse provides access to financial and accounting data from the county's accounting system, improving the agency's reporting and analytical capabilities.

Operational Recommendations

Issue: Penetration

The ADAMH Board has acknowledged that an increase in the number of individuals needing its services will occur over the next ten years. Recently, however, there has been a decline in the number of new consumers coming into the ADAMH Board system. Going forward, the ADAMH Board does not anticipate changing its strategy with regards to bringing new consumers into its system. It is not clear why this decline is occurring.

Table 1: Consumer Counts from 2000-2004

	2000	2001	2002	2003	2004 ¹	Total Consumers
Consumers new to the system	15,527	14,143	14,038	12,499	12,195	68,402

Source: The ADAMH Board Levy Fact Book

¹Providers have the opportunity to submit claims/bill for services rendered for up to 365 days after the calendar year end. However, according to ADAMH, this probably wouldn't make much, if any, of a difference in statistics provided.

As shown in **Table 1**, the ADAMH Board has experienced a decline in the number of new consumers that have entered its system. The greatest decline is represented between 2002 and 2003, with an 11% decrease in the number of new consumers entering the system in 2003.

A model that the ADAMH Board has used to bring new consumers into its system has been what is called the “front door” approach. This model attempts to infuse behavioral health care expertise into other systems. Instead of expecting other systems to become experts in behavioral healthcare, the experts go to them and their clientele. For example, there are individuals who do alcohol, drug and mental health assessments in all the probation departments. There are also assessment clinicians at Franklin County Children Services intake department and all their regional departments. Another example is their engagement center at Maryhaven that offers a three-day detoxification to men and women. In addition, the ADAMH Board has stated that it has an aggressive community education campaign.

While declining entry to the ADAMH Board's system of care may not affect the number of services provided, as one client may utilize numerous services, it does impact the number of individuals in need that the ADAMH Board actually helps. By not re-examining its outreach strategies, it may preclude the ADAMH Board from reaching those individuals most in need and who have yet to experience the outcomes of treatment, thereby increasing their quality of life.

Recommendation:

The ADAMH Board should evaluate the effectiveness of its strategies currently used to bring in new individuals in need of its services. This should include identifying exactly what populations and what services are experiencing the greatest decline, in order to focus on these areas, in efforts to increase treatment to those in need, who have not yet sought treatment. This evaluation should also include identifying what factors may be contributing to the decline. These changes should be understood before an assessment can be made as to whether existing strategies should be continued and/or adjustments made. Accomplishing this task could assist the ADAMH Board in its efforts to better reach those in need.

Issue: Provider Administrative Costs

The ADAMH Board has not clearly identified, monitored, or negotiated administrative costs of its contracted providers. The ADAMH Board currently can only provide an estimate of ADAMH Board supported administrative costs for its provider contracts. Although service unit rates developed by providers include administrative expenses, the ADAMH Board has indicated that it is difficult, if not impossible to assess what portion of providers' administrative expenses are paid by the ADAMH Board's dollars versus another line of business supporting an individual provider. The administrative costs for each provider are typically covered by multiple funders, of which ADAMH is only one.

The lack of identification, monitoring, and negotiating of provider administrative costs may result in excessive amounts of dollars being directed towards this area as opposed to direct services. In the absence of these evaluation tools, the ADAMH Board and its providers may not be able to clearly identify where a need exists for greater efficiency in order to reduce costs.

Recommendation:

In order to assist in controlling costs, the ADAMH Board should work with its providers to identify precisely what administrative costs is supported by ADAMH Board funding. Identifying these costs should include total dollar amount and rates of administrative costs included in provider contracts. The ADAMH Board should monitor data, to obtain an average of its provider administrative costs. This process should be accomplished with the intent of setting a goal to negotiate and establish a percent cap on these costs at a later date. Additionally, the ADAMH Board should work in conjunction with providers, to ensure that administrative services become more efficient in order to reduce administrative rates. Limiting the amount of dollars spent on administrative costs increases those dollars that can be used toward direct services to consumers.

Issue: Provider Monitoring

Consumer Satisfaction Survey

The ADAMH Board has used consumer satisfaction surveys to monitor client responses to services. To date, the ADAMH Board has not established thresholds for its consumer satisfaction survey and has not determined what is considered a minimum score on these satisfaction instruments. The ADAMH Board has conducted two full years of consumer satisfaction surveys, which are done by paid consumers interviewing other consumers on the telephone.

A lack of thresholds does not allow the ADAMH Board to identify low consumer satisfaction, reasons why, or develop strategies to improve satisfaction. The ADAMH Board has concurred with the need to set thresholds.

Recommendation:

As the ADAMH Board continues to provide more services, serve more consumers, and service a more diverse population, it becomes imperative that a representative sample of clients from all providers is included and that these surveys have thresholds that will identify those service areas and providers receiving low scores. The creation of thresholds may provide assessment tools for future monitoring efforts. Additionally, in order to improve consumer satisfaction, the ADAMH Board should investigate causes of low scores, and work with its providers to develop improvement strategies. Increases in consumer satisfaction may increase retention of those individuals in need of ongoing services, thereby increasing the potential of better individual outcomes.

Prevention Program Outcomes

Currently, the ADAMH Board's prevention programs do not participate in its outcomes program. The ADAMH Board has noted that prevention programs do not have unique consumer identifiers established, as is the case with treatment cases. The ADAMH Board is looking to establish unique client identifiers for its prevention programs in the future. According to the ADAMH Board, for the last two years, they have adopted the Rensselaerville Institute's outcomes model as the evaluation tool for the ADAMH Board's prevention programming. The ADAMH Board has encouraged providers to utilize this tool in order to evaluate the effectiveness of their evidence-based and science-based prevention programming. However, due to the wide variety of prevention programs offered by ADAMH Board providers, the ADAMH Board noted that there is no commonly used outcomes instrument with which to measure the overall impact of the prevention efforts. Currently, each provider must assess the outcomes for their own prevention programs using assessment tools and methods that are appropriate for each prevention program.

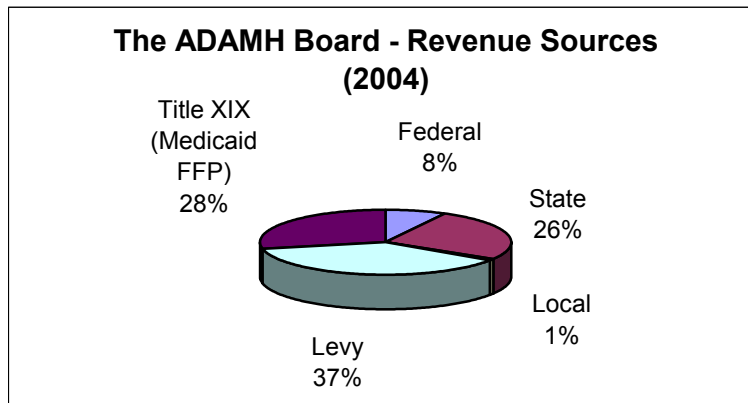
The ADAMH Board acknowledged that it is working with the Ohio Department of Alcohol Drug and Addiction Services to move from a purely activity-based evaluation system to a results-based system in order to assess the overall effectiveness of their prevention programs. Developing strategies to assess the overall effectiveness of the prevention programs offered by ADAMH Board providers will allow the ADAMH Board to better discern which prevention programs are most effective. This will allow for greater uniformity in evaluating the prevention programs and allow for comparisons of similar programs.

Recommendation:

The ADAMH Board should continue working with the State to develop strategies to evaluate the prevention programs. This will include establishing unique consumer identifiers for its prevention programs. Evaluating and analyzing the performance of its prevention programs can allow the ADAMH Board to determine the programs' effectiveness, thereby making way for decisions regarding the creation of new programming or the elimination of programs that are not effective. Additionally, evaluating program effectiveness can allow for prevention program strategies to be refined as needed in order to achieve desired results.

Overview of Revenue

The ADAMH Board receives funds from five principle sources: federal, state, local, levy and Title XIX (Medicaid Federal Financial Participation (Medicaid FFP)) tax revenue. The chart below illustrates a snapshot of the ADAMH Board's 2004 revenue breakdown.



The ADAMH Board's Proposed Revenue and Assumptions

Levy Revenue: The proposed 2.2 mill replacement levy is for the 10-year period beginning in 2007 through 2016 and would generate approximately \$65 million per year. Although this levy will be voted on in November 2005, using the assessed value as of January 1, 2005, collections for this levy will not begin until 2007. As projected by the ADAMH Board, levy revenue constitutes 44% of the total revenue.

Medicaid Reimbursements (FFP) Revenue: The ADAMH Board utilizes levy revenue to pay the full cost of Medicaid-eligible behavioral health care claims for Franklin County residents. In turn, the ADAMH Board is reimbursed a portion of the claim expenses to offset the cost of the Medicaid entitlement program. The current reimbursement percentage rate of Medicaid FFP is 59.68% for standard Medicaid and 71.78% for children. As the second largest component of revenue for the ADAMH Board, Medicaid revenues will provide approximately 27% of the total revenue over the life of the levy. Medicaid expenditures and subsequent reimbursements are projected to grow 5% annually for 2007 through 2016.

State Revenue: The two primary sources of state revenue are the Ohio Department of Mental Health (ODMH) and the Ohio Department of Alcohol and Drug Addiction Services (ODADAS). The revenue received from these two sources is used to purchase direct services for mental health, alcohol and other drug treatment and prevention services. As the third largest component of revenue for the ADAMH Board, state revenue will provide approximately 21% of the total revenue over the life of the levy. Although the amount of revenue contributed by the state from 2007 through 2016 will continue to increase, state contributions, as a percentage of the total ADAMH Board revenue, will slightly decline. Based on estimates received from ODMH and ODADAS, the ADAMH Board has estimated a 2% annual increase in state revenue for the levy period of 2007 through 2016. This annual increase in state revenue is projected to keep pace with inflation and will not result in an increased volume of behavioral health care services.

Federal Revenue: Federal monies are projected to generate approximately 7% of the overall agency revenue throughout the levy plan. The two primary sources of federal revenue are the Ohio Department of Mental Health (ODMH) and the Ohio Department of Alcohol and Drug Addiction Services (ODADAS). Approximately 66% of federal revenue comes from the Substance Abuse Prevention & Treatment (SAPT) block grant. The revenue provided from these sources is used to provide direct services for mental health, alcohol and other drug treatment and prevention services. Based on estimates received from ODMH and ODADAS, the ADAMH Board has estimated a 1% annual increase in federal revenue for the levy period of 2007 through 2016.

Local Revenue: Local revenue is the smallest component of the ADAMH Board's total revenue sources. This source of revenue will provide approximately 0.5% of the total revenue over the life of the levy. Local revenue is received from the City of Columbus, Franklin County agencies, the Franklin County Commissioners' Office and miscellaneous foundations. All local revenue is used to purchase direct services for mental health, alcohol and other drug treatment and prevention services. This revenue is generally utilized to address specific populations (i.e., criminal justice, adolescents and gender specific) in need of services. Local revenue is projected to grow 1% annually for 2007 through 2016.

Levy Review Committee Revenue Analysis and Recommendations

After verifying the Medicaid FFP, state, federal, and local revenue projections through sources at the state, the Levy Review Committee is in agreement with the projections of the ADAMH Board. Specifically, the Levy Review Committee agrees with ADAMH's projected state revenue increase of 2%, its projected federal revenue increase of 1%, the projected local revenue increase of 1% and the projected Medicaid FFP revenue increase of 5%.

Committee staff independently analyzed the ADAMH Board's levy revenue estimates, and concluded that a \$10 million adjustment needed to be made. This adjustment is due to tax reforms that were enacted in June 2005, as part of Ohio's biennial budget process, which will have a significant impact on levy revenue collections. These tax reforms will reduce tax levy revenues generated from business inventory, furniture and fixtures and machinery and equipment by either eliminating or accelerating phase-out of property tax on these business assets. Based on these changes, levy revenue will decline by approximately \$10 million, over this 10-year levy cycle. Upon review, the Levy Review Committee concurred with staff.

Overview of Expenditures

The ADAMH Board provides services to adults and children who are severely mentally disabled, require behavioral health care services and require alcohol and other drug treatment services. Treatment service dollars are invested based on priority populations.

In 2004, the ADAMH Board reported that 7,259 Severely Mentally Disabled (SMD) consumers received services at an average cost of \$4,982 per consumer. These services included counseling, case management, housing and vocational services. By the year 2016, the ADAMH Board plans to increase the number of SMD consumers served by 17%. By the end of this levy, the ADAMH Board plans to serve 8,791 SMD consumers, or more than 63% of those in need.

In 2004, the ADAMH Board reported that 9,632 children received mental health services and another 1,003 children received substance abuse services at an average cost of \$2,784 per child. The ADAMH Board also invested \$6 million in prevention services. By the year 2016, the ADAMH Board plans to increase mental health services to children by 35% to 13,892 and also plans to increase substance abuse services by over 69% to 1,700 children.

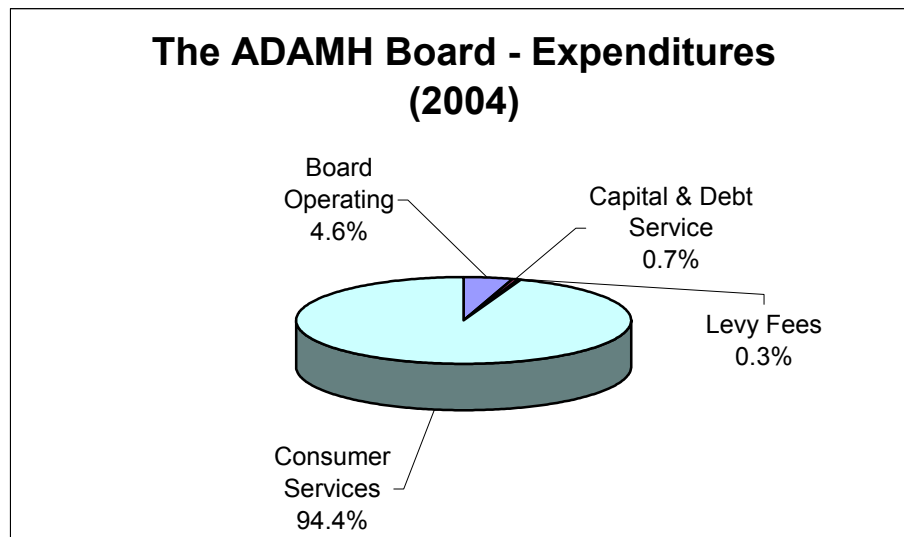
The ADAMH Board reported in 2004, that 13,635 adults received mental health services at an average cost of \$1,198 per consumer. These treatment services include crisis services, counseling and case management on an outpatient basis. Furthermore, the ADAMH Board reported that another 9,224 adults received alcohol and other drug treatment services in 2004 at an average cost of \$2,042 per adult. With new levy funds, the ADAMH Board anticipates by 2016 serving 16,180 adults in need of mental health services and 10,632 adults in need of addiction treatment services.

ADAMH's Proposed Expenditures and Assumptions

Provider Funding: Since the ADAMH Board does not provide direct service, it relies on more than 40 non-profit agencies for necessary behavioral health treatment and prevention services in the community. Ninety-five cents of every dollar is spent on direct service. The ADAMH Board is estimating that provider cost will increase at a rate of 2% annually.

Over the past several years, the ADAMH Board has not given providers any contract increases over the last years of the current levy cycle. Therefore, the ADAMH Board is projecting a 7% increase to their providers in the first year (2007) of this levy to make up for the lack of any provider increases. In 2008, the ADAMH Board is projecting a 3% increase in provider funding and in the out years, 2009 through 2016, ADAMH is projecting a 2% annual increase to providers.

Board Administration Costs: The ADAMH Board spends 95% of its total budget on direct consumer care and 5% is spent on board administration.



Personal Services: Salaries and fringe benefits constitute approximately 74% of the ADAMH Board's administrative budget and is based on approximately 62 full-time equivalent (FTE) positions. The ADAMH Board does not anticipate increasing its headcount over the next 10 years. Pay raises and fringe benefits are projected to increase by 3% annually.

Services and Charges: Services and charges constitute approximately 12% of the ADAMH Board's administrative budget. Major items within this expense line are medical liability, property insurance, audit fees, building maintenance, utilities and software licenses. This expense category is projected to increase 3% annually.

Materials and Supplies: Materials and supplies constitute approximately 2% of the ADAMH Board's administrative budget. Major items within this expense category are office supplies, personal computers and purchased software. This expense category is projected to increase 3% annually.

Levy Fees: Levy fees constitute approximately 6% of the ADAMH Board's administrative budget. Levy fees are assessed by the Franklin County Auditor's Office and include fees from the Auditor and Treasurer, Delinquent Real Estate Tax Assessment Collection (DRETAC), advertising delinquent taxes, Board of Revision and rollback administrative fees. Levy fee projections are equal to 1.37% of gross revenue receipts from a 10-year, 2.2 mil replacement levy.

Innovation: Over the next 10 years, the ADAMH Board is estimating it will invest an additional \$68 million in treatment services to children and adults and an additional \$7.4 million in prevention services to children and families. This replacement levy will also provide an additional \$1 million to fund 250 housing units for consumers. This funding is specifically for capital expenditures associated with building the units. Any service-enriched programs provided at the housing units will come from the treatment budget.

In addition to treatment services, prevention services and housing, the ADAMH Board has also projected spending a total of \$5.5 million for innovation programs. Over the past two years, the ADAMH Board has developed an innovation fund that is available for providers to promote innovative program ideas that cannot be funded from other sources but which could result in the development of new service delivery strategies that could produce positive outcomes for the ADAMH Board's system of consumers. Providers must submit a proposal, that includes answering a list of ten questions, which is reviewed by an interdisciplinary team who determines whether or not the request will be funded. Each innovation program must justify the need and how the work product or new service will be replicated in the system to improve consumer care. These innovation projects are utilized as a research and development strategy to assist in the incubation of new ideas and approaches to improve the ADAMH Board's system of care.

**Alcohol, Drug and Mental Health Board of Franklin County
Schedule of Revenues & Expenditures - All Funds
Calendar Years (CY) 2003-2016**

Revenues	<u>CY2003</u>	<u>CY2004</u>	<u>CY2005</u>	<u>CY2006</u>	<u>CY2007</u>	<u>CY2008</u>	<u>CY2009</u>	<u>CY2010</u>	<u>CY2011</u>	<u>CY2012</u>	<u>CY2013</u>	<u>CY2014</u>	<u>CY2015</u>	<u>CY2016</u>
Federal	\$10,606,856	\$9,078,021	\$10,104,344	\$9,980,688	\$10,080,495	\$10,181,300	\$10,283,113	\$10,385,944	\$10,489,804	\$10,594,702	\$10,700,649	\$10,807,655	\$10,915,732	\$11,024,889
State	\$30,441,099	\$29,956,961	\$28,567,202	\$29,430,324	\$30,018,931	\$30,619,309	\$31,231,696	\$31,856,330	\$32,493,456	\$33,143,325	\$33,806,192	\$34,482,316	\$35,171,962	\$35,875,401
Local	\$1,526,882	\$1,106,747	\$620,093	\$602,466	\$608,490	\$614,575	\$620,721	\$626,928	\$633,197	\$639,529	\$645,925	\$652,384	\$658,908	\$665,497
Levy	\$42,658,339	\$43,124,121	\$44,170,969	\$43,788,577	\$64,463,078	\$65,492,927	\$65,762,403	\$66,690,472	\$67,624,658	\$67,843,075	\$68,682,992	\$69,550,262	\$69,752,803	\$70,533,308
Title XIX (Medicaid FFP)	\$24,909,768	\$33,078,978	\$30,982,274	\$32,471,789	\$34,095,379	\$35,800,147	\$37,590,155	\$39,469,663	\$41,443,146	\$43,515,303	\$45,691,068	\$47,975,622	\$50,374,403	\$52,893,123
Total Revenue	\$110,142,944	\$116,344,828	\$114,444,882	\$116,273,844	\$139,266,373	\$142,708,258	\$145,488,088	\$149,029,337	\$152,684,261	\$155,735,934	\$159,526,826	\$163,468,239	\$166,873,808	\$170,992,218

Expenditures	<u>CY2003</u>	<u>CY2004</u>	<u>CY2005</u>	<u>CY2006</u>	<u>CY2007</u>	<u>CY2008</u>	<u>CY2009</u>	<u>CY2010</u>	<u>CY2011</u>	<u>CY2012</u>	<u>CY2013</u>	<u>CY2014</u>	<u>CY2015</u>	<u>CY2016</u>
Board Operating	\$5,348,335	\$5,426,074	\$5,493,498	\$5,672,676	\$5,842,857	\$6,018,142	\$6,198,687	\$6,384,647	\$6,576,187	\$6,773,472	\$6,976,676	\$7,185,977	\$7,401,556	\$7,623,603
Board Capital & Debt Service	\$509,879	\$775,616	\$119,404	\$133,908	\$137,925	\$142,063	\$146,325	\$150,714	\$155,236	\$159,893	\$164,690	\$169,630	\$174,719	\$179,961
Levy Fees	\$554,127	\$360,005	\$579,655	\$595,525	\$883,144	\$897,253	\$900,945	\$913,659	\$926,458	\$929,450	\$940,957	\$952,839	\$955,613	\$966,306
Non-Medicaid Consumer Svcs.	\$63,078,356	\$60,199,067	\$60,601,135	\$60,054,772	\$67,945,005	\$69,591,050	\$71,066,532	\$72,580,026	\$74,132,759	\$75,726,008	\$77,361,101	\$79,039,419	\$80,762,396	\$82,531,526
Medicaid Consumer Svcs.	\$41,142,238	\$50,310,408	\$50,644,847	\$53,845,601	\$56,031,846	\$58,833,439	\$61,775,111	\$64,863,866	\$68,107,059	\$71,512,412	\$75,088,033	\$78,842,435	\$82,784,556	\$86,923,784
Total Expenditures	\$110,632,935	\$117,071,170	\$117,438,539	\$120,302,482	\$130,840,777	\$135,481,947	\$140,087,600	\$144,892,912	\$149,897,699	\$155,101,235	\$160,531,457	\$166,190,300	\$172,078,840	\$178,225,180

**Alcohol, Drug and Mental Health Board of Franklin County
Schedule of Revenues, Expenditures & Cash Position - Levy
Calendar Years (CY) 2003-2016**

Revenues	<u>CY2003</u>	<u>CY2004</u>	<u>CY2005</u>	<u>CY2006</u>	<u>CY2007</u>	<u>CY2008</u>	<u>CY2009</u>	<u>CY2010</u>	<u>CY2011</u>	<u>CY2012</u>	<u>CY2013</u>	<u>CY2014</u>	<u>CY2015</u>	<u>CY2016</u>
Levy	\$42,365,090	\$43,124,121	\$43,748,655	\$43,788,577	\$64,463,078	\$65,492,927	\$65,762,403	\$66,690,472	\$67,624,658	\$67,843,075	\$68,682,992	\$69,550,262	\$69,752,803	\$70,533,308
Title XIX (Medicaid FFP)	\$24,777,632	\$33,078,978	\$30,982,274	\$32,471,789	\$34,095,379	\$35,800,147	\$37,590,155	\$39,469,663	\$41,443,146	\$43,515,303	\$45,691,068	\$47,975,622	\$50,374,403	\$52,893,123
Total Revenue	\$67,142,722	\$76,203,099	\$74,730,929	\$76,260,366	\$98,558,457	\$101,293,074	\$103,352,558	\$106,160,135	\$109,067,804	\$111,358,378	\$114,374,060	\$117,525,884	\$120,127,206	\$123,426,431
Expenditures	<u>CY2003</u>	<u>CY2004</u>	<u>CY2005</u>	<u>CY2006</u>	<u>CY2007</u>	<u>CY2008</u>	<u>CY2009</u>	<u>CY2010</u>	<u>CY2011</u>	<u>CY2012</u>	<u>CY2013</u>	<u>CY2014</u>	<u>CY2015</u>	<u>CY2016</u>
Board Operating	\$5,137,821	\$5,158,921	\$5,493,498	\$5,672,676	\$5,842,857	\$6,018,142	\$6,198,687	\$6,384,647	\$6,576,187	\$6,773,472	\$6,976,676	\$7,185,977	\$7,401,556	\$7,623,603
Board Capital & Debt Service	\$509,879	\$315,219	\$119,404	\$133,908	\$137,925	\$142,063	\$146,325	\$150,714	\$155,236	\$159,893	\$164,690	\$169,630	\$174,719	\$179,961
Levy Fees	\$554,127	\$360,005	\$579,655	\$595,525	\$883,144	\$897,253	\$900,945	\$913,659	\$926,458	\$929,450	\$940,957	\$952,839	\$955,613	\$966,306
Non-Medicaid Consumer Svcs.	\$22,739,177	\$20,094,148	\$22,358,153	\$22,699,932	\$27,237,088	\$28,175,865	\$28,931,002	\$29,710,823	\$30,516,301	\$31,348,451	\$32,208,336	\$33,097,064	\$34,015,794	\$34,965,739
Medicaid Consumer Svcs.	\$37,115,982	\$49,949,755	\$50,191,557	\$53,363,663	\$56,031,846	\$58,833,439	\$61,775,111	\$64,863,866	\$68,107,059	\$71,512,412	\$75,088,033	\$78,842,435	\$82,784,556	\$86,923,784
Total Expenditures	\$66,056,986	\$75,878,048	\$78,742,267	\$82,465,704	\$90,132,860	\$94,066,762	\$97,952,070	\$102,023,709	\$106,281,241	\$110,723,678	\$115,378,692	\$120,247,945	\$125,332,238	\$130,659,393
Total Cash Balance														
Beginning Balance	\$12,692,977	\$13,778,713	\$14,103,764	\$10,092,426	\$3,887,088	\$12,312,685	\$19,538,997	\$24,939,485	\$29,075,911	\$31,862,474	\$32,497,174	\$31,492,542	\$28,770,481	\$23,565,449
Net Revenues	\$1,085,736	\$325,051	(\$4,011,338)	(\$6,205,338)	\$8,425,597	\$7,226,312	\$5,400,488	\$4,136,424	\$2,786,563	\$634,700	(\$1,004,632)	(\$2,722,061)	(\$5,205,032)	(\$7,232,962)
Ending Balance	\$13,778,713	\$14,103,764	\$10,092,426	\$3,887,088	\$12,312,685	\$19,538,997	\$24,939,485	\$29,075,911	\$31,862,474	\$32,497,174	\$31,492,542	\$28,770,481	\$23,565,449	\$16,332,487
Total Cash Balance														
Beginning Balance	\$12,692,977	\$13,778,713	\$14,103,764	\$10,092,426	\$3,887,088	\$11,266,607	\$11,758,345	\$12,244,009	\$12,752,964	\$13,285,155	\$13,840,460	\$14,422,336	\$15,030,993	\$15,666,530
Ending Balance	\$13,778,713	\$14,103,764	\$10,092,426	\$3,887,088	\$11,266,607	\$11,758,345	\$12,244,009	\$12,752,964	\$13,285,155	\$13,840,460	\$14,422,336	\$15,030,993	\$15,666,530	\$16,332,424
Levy Reserve Balance Account														
Levy Reserve Balance Account Deposits	N/A	N/A	N/A	N/A	\$1,046,078	\$6,734,575	\$4,914,825	\$3,627,469	\$2,254,371	\$79,394	\$0	\$0	\$0	\$0
Levy Reserve Balance Account Withdrawals	N/A	N/A	N/A	N/A	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,586,509)	(\$3,330,717)	(\$5,840,571)	(\$7,898,856)
Levy Reserve Account Balance	N/A	N/A	N/A	N/A	\$1,046,078	\$7,780,653	\$12,695,478	\$16,322,947	\$18,577,319	\$18,656,713	\$17,070,204	\$13,739,487	\$7,898,917	\$61

Alcohol, Drug and Mental Health Board of Franklin County
Estimated Board Administrative Expenditures
Calendar Years (CY) 2004-2016

Current Levy Model	CY2004	CY2005	CY2006	CY2007	CY2008	CY2009	CY2010	CY2011	CY2012	CY2013	CY2014	CY2015	CY2016
Operating	\$5,158,921	\$5,493,498	\$5,672,676	\$5,842,857	\$6,018,142	\$6,198,687	\$6,384,647	\$6,576,187	\$6,773,472	\$6,976,676	\$7,185,977	\$7,401,556	\$7,623,603
Board Capital & Debt Service	\$315,219	\$119,404	\$133,908	\$137,925	\$142,063	\$146,325	\$150,714	\$155,236	\$159,893	\$164,690	\$169,630	\$174,719	\$179,961
Levy Fees	\$360,005	\$579,655	\$595,525	\$883,144	\$897,253	\$900,945	\$913,659	\$926,458	\$929,450	\$940,957	\$952,839	\$955,613	\$966,306
Total Board Administration	\$5,834,145	\$6,192,557	\$6,402,109	\$6,863,926	\$7,057,458	\$7,245,956	\$7,449,021	\$7,657,880	\$7,862,815	\$8,082,323	\$8,308,445	\$8,531,888	\$8,769,870

Operating Detail	CY2004	CY2005	CY2006	CY2007	CY2008	CY2009	CY2010	CY2011	CY2012	CY2013	CY2014	CY2015	CY2016
Salary	\$3,169,195	\$3,236,396	\$3,333,488	\$3,433,493	\$3,536,497	\$3,642,592	\$3,751,870	\$3,864,426	\$3,980,359	\$4,099,770	\$4,222,763	\$4,349,446	\$4,479,929
PERS	\$588,548	\$601,196	\$623,362	\$647,213	\$671,934	\$692,093	\$712,855	\$734,241	\$756,268	\$778,956	\$802,325	\$826,395	\$851,187
Medicare	\$42,701	\$43,587	\$48,336	\$49,786	\$51,279	\$52,818	\$54,402	\$56,034	\$57,715	\$59,447	\$61,230	\$63,067	\$64,959
Health	\$506,221	\$601,723	\$619,775	\$638,368	\$657,519	\$677,245	\$697,562	\$718,489	\$740,043	\$762,245	\$785,112	\$808,665	\$832,925
Other Fringe Benefits	\$33,194	\$38,336	\$39,486	\$40,671	\$41,891	\$43,148	\$44,442	\$45,775	\$47,148	\$48,563	\$50,020	\$51,520	\$53,066
Services & Charges	\$722,560	\$846,309	\$871,698	\$897,849	\$924,785	\$952,528	\$981,104	\$1,010,537	\$1,040,853	\$1,072,079	\$1,104,241	\$1,137,369	\$1,171,490
Materials & Supplies	\$96,503	\$125,951	\$136,532	\$135,477	\$134,237	\$138,264	\$142,412	\$146,684	\$151,085	\$155,617	\$160,286	\$165,094	\$170,047
Total Board Operating	\$5,158,921	\$5,493,498	\$5,672,676	\$5,842,857	\$6,018,142	\$6,198,687	\$6,384,647	\$6,576,187	\$6,773,472	\$6,976,676	\$7,185,977	\$7,401,556	\$7,623,603

Levy Review Committee Expenditure Analysis and Recommendations

After extensive research and analysis, below are the recommendations of the Levy Review Committee and its staff. The Levy Review Committee and staff are in agreement with the ADAMH Board on all other expenditures that are not specifically addressed below.

Provider Funding: During the initial Levy Review Committee meeting, in which the ADAMH Board presented their levy request, it was brought to the Committee's attention that they were projecting a 7% increase in funding to providers in the first year of the levy. The Levy Review Committee expressed concern about the impression this would make on the taxpayers of Franklin County who just voted on this levy. The Levy Review Committee recommends that the ADAMH Board reduce this increase to 3% from 7% in the first year to reduce costs and to show a more even distribution of funding to the providers over the life of the levy. The Levy Review Committee is in agreement with the projected annual increase to providers in years 2008 through 2016.

Personal Services: The Levy Review Committee expressed concern with the ADAMH Board's projected 3% annual salary increase throughout the life of the levy. Although the ADAMH Board is not required to conform to the salary increases approved by the Commissioners each year, the Board of Commissioners strongly encourages other County Boards to adhere to the guidelines they set forth. Over the past few years, the Commissioners, using their budgetary authority, have approved a 2% annual salary increase in employee salaries. As a result, the Levy Review Committee recommends a budget of 2% annually for salary increases over the next 10 years. If the economic situation improves and the Board of Commissioners concurs, the ADAMH Board could then choose to give its employees an increased amount.

The Levy Review Committee also expressed concern with the ADAMH Board's projected 3% annual increase in healthcare. Over the past three years, Franklin County's healthcare costs have risen on average 17% per year. After requesting projections from Franklin County's Human Resources Department and reviewing the State Employment Relations Board (SERB) report, Committee staff identified a trend of projected healthcare increases between 10-15% annually over the next 10 years. With the volatile nature of healthcare, the Levy Review Committee recommends a 12.5% annual increase in healthcare for the ADAMH Board over the next 10 years. The cost of the ADAMH Board's healthcare over the life of the levy is projected to be approximately \$13.7 million.

Innovation: Committee staff analyzed the ADAMH Board's request for innovation in detail. During this analysis, the staff requested additional explanations of these innovation funds and reviewed the historical trends. It became apparent to the Levy Review Committee that the ADAMH Board did not establish themes or goals for these innovation programs. While reviewing the projected innovation expenses by year, the historical trends showed that the average spent on innovation over the past two years was \$275,000. In 2004, the innovation fund had an excess of \$43,000 in unused funding. Based on this average per year, the ADAMH Board should expect to spend \$2.7 million over the 10-year levy cycle. However, the ADAMH Board's projections show almost double that amount at \$5.5 million. In the first two years of the levy, the ADAMH Board projected to spend \$1.4 million in 2007 and \$1.2 million in 2008. Without strong explanation as to how these funds would be spent, the Levy Review Committee and staff showed concern that this expense line item was excessive.

After making the Levy Review Committee's recommended revenue and expenditure adjustments outlined above, the new innovation amount decreased to \$4.5 million. The Levy Review Committee recommends that the ADAMH Board evenly spread the \$4.5 million innovation total, \$450,000 per year, over the 10-year levy cycle. If the ADAMH Board would incur a larger project, costing more than \$450,000, the project would then just need to be justified.

**Alcohol, Drug and Mental Health Board of Franklin County
Recommended Schedule of Revenues & Expenditures - All Funds
Calendar Years (CY) 2007-2016**

Revenues	<u>CY2007</u>	<u>CY2008</u>	<u>CY2009</u>	<u>CY2010</u>	<u>CY2011</u>	<u>CY2012</u>	<u>CY2013</u>	<u>CY2014</u>	<u>CY2015</u>	<u>CY2016</u>
Federal	\$10,080,495	\$10,181,300	\$10,283,113	\$10,385,944	\$10,489,804	\$10,594,702	\$10,700,649	\$10,807,655	\$10,915,732	\$11,024,889
State	\$30,018,931	\$30,619,309	\$31,231,696	\$31,856,330	\$32,493,456	\$33,143,325	\$33,806,192	\$34,482,316	\$35,171,962	\$35,875,401
Local	\$608,490	\$614,575	\$620,721	\$626,928	\$633,197	\$639,529	\$645,925	\$652,384	\$658,908	\$665,497
Levy	\$64,463,078	\$65,492,927	\$65,762,403	\$66,690,472	\$67,624,658	\$67,045,723	\$67,199,414	\$67,499,703	\$67,230,430	\$67,609,278
Title XIX (Medicaid FFP)	\$34,095,379	\$35,800,147	\$37,590,155	\$39,469,663	\$41,443,146	\$43,515,303	\$45,691,068	\$47,975,622	\$50,374,403	\$52,893,123
Total Revenue	\$139,266,373	\$142,708,258	\$145,488,088	\$149,029,337	\$152,684,261	\$154,938,582	\$158,043,248	\$161,417,680	\$164,351,435	\$168,068,188

Expenditures	<u>CY2007</u>	<u>CY2008</u>	<u>CY2009</u>	<u>CY2010</u>	<u>CY2011</u>	<u>CY2012</u>	<u>CY2013</u>	<u>CY2014</u>	<u>CY2015</u>	<u>CY2016</u>
Board Operating	\$5,863,657	\$6,066,045	\$6,277,325	\$6,504,075	\$6,748,010	\$7,011,056	\$7,295,374	\$7,603,390	\$7,937,830	\$8,301,756
Board Capital & Debt Service	\$124,228	\$126,713	\$129,247	\$131,832	\$134,468	\$137,158	\$139,901	\$142,699	\$145,553	\$148,464
Levy Fees	\$883,144	\$897,253	\$900,945	\$913,659	\$926,458	\$918,526	\$920,632	\$924,746	\$921,057	\$926,247
Non-Medicaid Consumer Svcs.	\$66,899,005	\$68,508,566	\$69,954,359	\$71,437,169	\$72,958,182	\$74,518,634	\$76,119,808	\$77,763,040	\$79,449,717	\$81,181,283
Medicaid Consumer Svcs.	\$56,031,846	\$58,833,439	\$61,775,111	\$64,863,866	\$68,107,059	\$71,512,412	\$75,088,033	\$78,842,435	\$82,784,556	\$86,923,784
Total Expenditures	\$129,801,880	\$134,432,016	\$139,036,987	\$143,850,601	\$148,874,177	\$154,097,786	\$159,563,748	\$165,276,310	\$171,238,713	\$177,481,534

Alcohol, Drug and Mental Health Board of Franklin County
Recommended Schedule of Revenues, Expenditures & Cash Position – Levy
Calendar Years (CY) 2007-2016

Revenues	<u>CY2007</u>	<u>CY2008</u>	<u>CY2009</u>	<u>CY2010</u>	<u>CY2011</u>	<u>CY2012</u>	<u>CY2013</u>	<u>CY2014</u>	<u>CY2015</u>	<u>CY2016</u>
Levy	\$64,463,078	\$65,492,927	\$65,762,403	\$66,690,472	\$67,624,658	\$67,045,723	\$67,199,414	\$67,499,703	\$67,230,430	\$67,609,278
Title XIX (Medicaid FFP)	\$34,095,379	\$35,800,147	\$37,590,155	\$39,469,663	\$41,443,146	\$43,515,303	\$45,691,068	\$47,975,622	\$50,374,403	\$52,893,123
Total Revenue	\$98,558,457	\$101,293,074	\$103,352,558	\$106,160,135	\$109,067,804	\$110,561,026	\$112,890,482	\$115,475,325	\$117,604,833	\$120,502,401

Expenditures	<u>CY2007</u>	<u>CY2008</u>	<u>CY2009</u>	<u>CY2010</u>	<u>CY2011</u>	<u>CY2012</u>	<u>CY2013</u>	<u>CY2014</u>	<u>CY2015</u>	<u>CY2016</u>
Board Operating	\$5,863,657	\$6,066,045	\$6,277,325	\$6,504,075	\$6,748,010	\$7,011,056	\$7,295,374	\$7,603,390	\$7,937,830	\$8,301,756
Board Capital & Debt Service	\$124,228	\$126,713	\$129,247	\$131,832	\$134,468	\$137,158	\$139,901	\$142,699	\$145,553	\$148,464
Levy Fees	\$883,144	\$897,253	\$900,945	\$913,659	\$926,458	\$918,526	\$920,632	\$924,746	\$921,057	\$926,247
Non-Medicaid Consumer Svcs.	\$26,191,088	\$27,093,381	\$27,818,830	\$28,567,967	\$29,341,724	\$30,141,078	\$30,967,044	\$31,820,685	\$32,703,116	\$33,615,496
Medicaid Consumer Svcs.	\$56,031,846	\$58,833,439	\$61,775,111	\$64,863,866	\$68,107,059	\$71,512,412	\$75,088,033	\$78,842,435	\$82,784,556	\$86,923,784
Total Expenditures	\$89,093,963	\$93,016,831	\$96,901,458	\$100,981,399	\$105,257,719	\$109,720,230	\$114,410,984	\$119,333,955	\$124,492,112	\$129,915,747

Total Cash Balance

Beginning Balance	\$3,897,834	\$13,362,328	\$21,638,571	\$28,089,671	\$33,268,407	\$37,078,492	\$37,919,288	\$36,398,786	\$32,540,156	\$25,652,877
Net Revenues	\$9,464,494	\$8,276,243	\$6,451,100	\$5,178,736	\$3,810,085	\$840,796	(\$1,520,502)	(\$3,858,630)	(\$6,887,279)	(\$9,413,346)
Ending Balance	\$13,362,328	\$21,638,571	\$28,089,671	\$33,268,407	\$37,078,492	\$37,919,288	\$36,398,786	\$32,540,156	\$25,652,877	\$16,239,531

Total Cash Balance

Beginning Balance	\$3,897,834	\$11,136,745	\$11,627,104	\$12,112,682	\$12,622,675	\$13,157,215	\$13,715,029	\$14,301,373	\$14,916,744	\$15,561,514
Ending Balance	\$11,136,745	\$11,627,104	\$12,112,682	\$12,622,675	\$13,157,215	\$13,715,029	\$14,301,373	\$14,916,744	\$15,561,514	\$16,239,468

Levy Reserve Balance Account

Levy Reserve Balance Account										
Deposits	\$2,225,581	\$7,785,886	\$5,965,522	\$4,668,743	\$3,275,543	\$282,982	\$0	\$0	\$0	\$0
Levy Reserve Balance Account										
Withdrawals	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,106,845)	(\$4,474,002)	(\$7,532,049)	(\$10,091,300)
Levy Reserve Account Balance	\$2,225,581	\$10,011,467	\$15,976,990	\$20,645,732	\$23,921,275	\$24,204,257	\$22,097,412	\$17,623,409	\$10,091,361	\$61

Alcohol, Drug and Mental Health Board of Franklin County
Recommended Board Administrative Expenditures
Calendar Years (CY) 2007-2016

Current Levy Model	<u>CY2007</u>	<u>CY2008</u>	<u>CY2009</u>	<u>CY2010</u>	<u>CY2011</u>	<u>CY2012</u>	<u>CY2013</u>	<u>CY2014</u>	<u>CY2015</u>	<u>CY2016</u>
Operating	\$5,863,657	\$6,066,045	\$6,277,325	\$6,504,075	\$6,748,010	\$7,011,056	\$7,295,374	\$7,603,390	\$7,937,830	\$8,301,756
Board Capital & Debt Service	\$124,228	\$126,713	\$129,247	\$131,832	\$134,468	\$137,158	\$139,901	\$142,699	\$145,553	\$148,464
Levy Fees	\$883,144	\$897,253	\$900,945	\$913,659	\$926,458	\$918,526	\$920,632	\$924,746	\$921,057	\$926,247
Total Board Administration	\$6,871,029	\$7,090,011	\$7,307,517	\$7,549,566	\$7,808,936	\$8,066,740	\$8,355,907	\$8,670,835	\$9,004,440	\$9,376,467

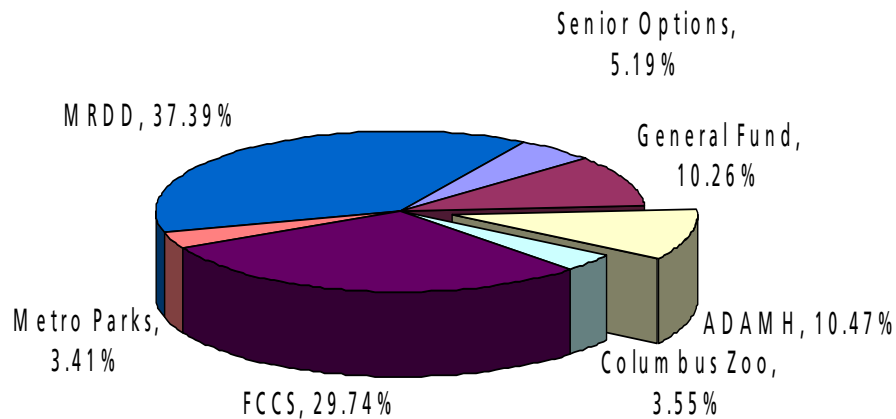
Operating Detail	<u>CY2007</u>	<u>CY2008</u>	<u>CY2009</u>	<u>CY2010</u>	<u>CY2011</u>	<u>CY2012</u>	<u>CY2013</u>	<u>CY2014</u>	<u>CY2015</u>	<u>CY2016</u>
Salary	\$3,367,146	\$3,434,490	\$3,503,180	\$3,573,243	\$3,644,708	\$3,717,602	\$3,791,953	\$3,867,792	\$3,945,148	\$4,024,052
PERS	\$634,707	\$652,553	\$665,604	\$678,916	\$692,494	\$706,344	\$720,471	\$734,881	\$749,578	\$764,570
Medicare	\$48,824	\$49,800	\$50,796	\$51,812	\$52,848	\$53,905	\$54,983	\$56,083	\$57,205	\$58,349
Health	\$761,556	\$856,750	\$963,844	\$1,084,324	\$1,219,865	\$1,372,348	\$1,543,892	\$1,736,878	\$1,953,988	\$2,198,236
Other Fringe Benefits	\$39,885	\$40,682	\$41,496	\$42,326	\$43,173	\$44,036	\$44,917	\$45,815	\$46,731	\$47,666
Services & Charges	\$880,500	\$898,110	\$916,072	\$934,394	\$953,081	\$972,143	\$991,586	\$1,011,418	\$1,031,646	\$1,052,279
Materials & Supplies	\$131,039	\$133,660	\$136,333	\$139,060	\$141,841	\$144,678	\$147,572	\$150,523	\$153,534	\$156,604
Total Board Operating	\$5,863,657	\$6,066,045	\$6,277,325	\$6,504,075	\$6,748,010	\$7,011,056	\$7,295,374	\$7,603,390	\$7,937,830	\$8,301,756

Tax Impact on Local Households

Tax Impact on Local Households

Outside millage supports four social service agencies in Franklin County (Mental Retardation and Developmental Disabilities, Children Services, Office on Aging – Senior Options Program, and the ADAMH Board), in addition to the Columbus Metro Parks, the Columbus Zoo, and a portion of the county general fund.

ADAMH Board of Franklin County Homeowner's Real Estate Tax Distribution for Tax Year 2004



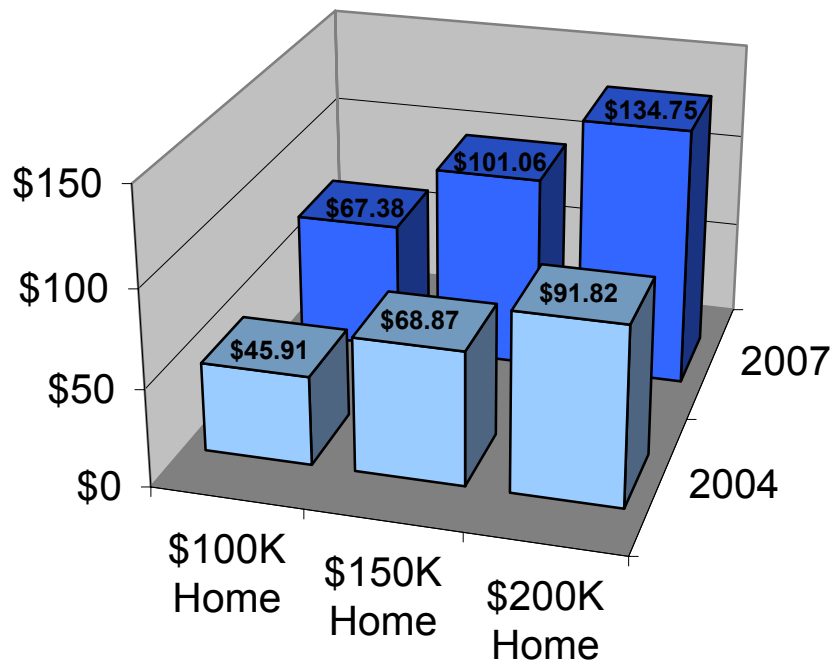
In evaluating this levy plan, the Levy Review Committee considered the immediate impact of the 2.2 mill replacement levy on the households in Franklin County and the total homeowner support that would be provided to the ADAMH Board if this levy is approved. According to this analysis, the Levy Review Committee determined that in 2007, a homeowner of a \$100,000 house would pay an additional \$21.47 each year for a total payment of \$67.38 for this 2.2 mill levy.

Cost to Franklin County Homeowner

	2004 2.2 mill Current Levy (Expiring)	2006 2.2 mill Replacement Levy
Market Value	\$100,000	\$100,000
Assessment %	35%	35%
Total Assessed Value	\$35,000	\$35,000
Effective Millage	0.00149	0.0022
Total Tax Dollars	\$52.47	\$77.00
Homestead & Rollback to Homeowner	(\$6.56)	(\$9.63)
Annual Cost to Homeowner	\$45.91	\$67.38
Increased Annual Cost to Homeowner	\$21.47	

Note: This chart reflects the 1.499168 effective rate of the current levy that was provided by the Franklin County Auditor's Office. These figures are slightly different from the ADAMH Board's original levy request, which provided a comparison to the 2006 projected figures.

Impact of Replacing 2.2 Mill ADAMH Levy



Conclusion

The Levy Review Committee has concluded that the revenue generated from a 2.2 mill replacement levy along with the recommendations outlined in this levy review report, will allow the ADAMH Board to continue to provide quality services and meet long-term needs, while remaining fiscally prudent. The recommendations set forth in this levy review document are meant to assist and guide the ADAMH Board through the next 10 years (2007-2016).

Evaluating the effectiveness of its outreach strategies will allow the ADAMH Board to better meet the demands of those individuals who need assistance, but who have yet to experience the variety of services that the ADAMH Board has to offer. While continuing to work with its providers to keep administrative costs at a minimum, ensuring consumer satisfaction is at a maximum, and continuing the development of the evaluation of prevention programs, the ADAMH Board will ensure that the maximum amount of dollars are spent on direct services and that these services are of the utmost quality.

Beyond passage of this replacement levy, the ADAMH Board will need to continue monitoring revenue and expenses. Some of the challenges that the ADAMH Board will face in the next 10 years are continued changes in state tax law that will reduce levy revenue, and the rising costs of Medicaid, healthcare costs and other service-related expenses. The ADAMH Board needs to continue with the ratio of 95% of funding going to direct service providers and 5% of funding being utilized for operational costs of the ADAMH Board.

The Levy Review Committee has a responsibility to the voters to ensure that the levy plan does not place undue burden on the taxpayers. This 2.2 mill levy, generating approximately \$65 million in annual revenue, will cost the taxpayer \$67.38 per year for a \$100,000 home. This is an increase of \$21.47 from previous years.

With the ADAMH Board facing challenges of decreasing revenues and increasing demand, the Levy Review Committee believes that a continuation of current service levels requires a 2.2 mill replacement levy to go before the voters of Franklin County for approval.

Appendices

Appendices:

- A - Resolution #311-99, authorizing creation of a Human Services Levy Review Committee and appointing its members
- B - The ADAMH Board levy request resolution
- C - Franklin County Board of Commissioners letter asking the Human Services Levy Review Committee to review the ADAMH Board's levy request and provide recommendations

RESOLUTION AUTHORIZING THE
CREATION OF THE HUMAN SERVICES
LEVY REVIEW COMMITTEE, AND
APPOINTING ITS MEMBERS
(COMMISSIONERS)

WHEREAS, the Franklin County Board of Commissioners, as the taxing authority for the County, is responsible for certifying to the Board of Elections tax levies in excess of the ten mill limitation pursuant to ORC 5705.19; and

WHEREAS, the Franklin County Board of Commissioners desire to create a Human Services Levy Review Committee to conduct ongoing financial reviews of social service agencies, evaluate program performance to voted levy objectives, to review social service levy requests and provide recommendations regarding proposed millage amounts and the timing of levy requests, and to provide a holistic review of levy impacts on the community; and

WHEREAS, the Human Services Levy Review Committee will be comprised of seven (7) members appointed by the Franklin County Board of Commissioners; now, therefore, upon the motion of Commissioner Teater, seconded by Commissioner Shoemaker,

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS, FRANKLIN COUNTY, OHIO:

- 1) That a Human Services Levy Review Committee is hereby created to conduct ongoing financial reviews of social service agencies and to provide recommendations to the Board of Commissioners regarding proposed millage amounts and the timing of levy requests for certification to the Board of Elections.
- 2) That the Human Services Levy Review Committee shall be comprised of seven (7) members appointed by the Board of Commissioners. Such membership shall be subject to change by resolution of the Board of Commissioners.
- 3) That the following persons are appointed to the Human Services Levy Review Committee:

William K. Willis, Jr., Chair
Franklin County Community Planning Council
1715 Franklin Park South
Columbus, Ohio 43205

Denise E. Bronson
Professor, College of Social Work
The Ohio State University
Stillman Hall
1947 College Road
Columbus, Ohio 43210

Chad Jester, Director of Public Affairs
Nationwide Insurance Company
One Nationwide Plaza
Columbus, Ohio 43215

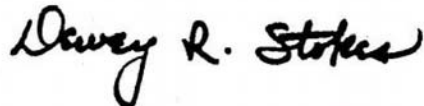
Linda J. Siefkas
Vice President and Manager – Columbus Office
Edward Howard & Company
50 West Broad Street, Suite 2200
Columbus, Ohio 43215

Matt Kallner, Director of Governmental Affairs
The Limited Company
Three Limited Parkway
Columbus, Ohio 43230

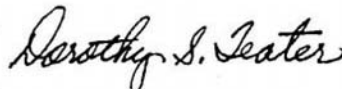
Charlene Powell, Finance Director
Franklin County Commissioners
373 S. High Street, 26th Floor
Columbus, Ohio 43215

Marvin G. Gutter, PhD., CPA
Vice President for Business and Administrative Services
Columbus State Community College
550 E. Spring Street
Columbus, Ohio 43215

Voting Aye thereon:



DEWEY R. STOKES, PRESIDENT



DOROTHY S. TEATER



ARLENE SHOEMAKER

BOARD OF COUNTY COMMISSIONERS
FRANKLIN COUNTY, OHIO



RESOLUTION

Requesting Placement of a 2.2 Mill Replacement Property Tax Levy on the November 8, 2005 Ballot

WHEREAS, the ADAMH Board of Franklin County has a responsibility to provide mental health and substance abuse treatment and prevention services for children and adults; and

WHEREAS, ADAMH has been responsive to the community by being appropriate stewards of taxpayer dollars through strategic planning, passing on 95 cents of every dollar to our direct service providers for consumer care; and

WHEREAS, in 2004, ADAMH funded treatment for more than 35,000 consumers, including more than 10,000 children and prevention services for more than 120,000 residents.

WHEREAS, ADAMH has one 2.2 mill property tax levy, which is due to expire on December 31, 2006; and

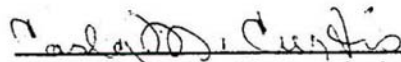
WHEREAS, ADAMH has determined the amount of county revenues needed when combined with available state and federal revenues to enable it to increase access to services and perform its functions and duties as required by Chapter 340 of the Ohio Revised Code; and

WHEREAS, a replacement levy is crucial to ADAMH's ability to maintain vital services to an increasing number of children and families whose needs for services is projected to continue to grow;

NOW, THEREFORE, BE IT RESOLVED by the ADAMH Board of Franklin County that it recommends and requests that the Franklin County Board of Commissioners submit to the electorate in the general election to be held on November 8, 2005, a replacement tax levy in the amount of 2.2 mills for the benefit of providing mental health and substance abuse treatment and prevention services pursuant to Chapter 340 of the Revised Code, for a ten-year period, first due in the calendar year 2007.

WITNESS THEREOF, I hereunto subscribe my name on this fifth day of April, Two Thousand and Five.


David A. Royer, CEO
ADAMH Board of Franklin County


Carla M. Curtis, Ph.D., Chair
ADAMH Board of Franklin County

Date: April 5, 2005



Commissioners
Mary Jo Kilroy, President
Dewey R. Stokes
Paula Brooks

April 6, 2005

Marvin Gutter, Ph.D., Chair
Human Services Levy Review Committee
Ohio Tobacco Use Prevention & Control Foundation
300 E. Broad Street, Suite 310
Columbus, Ohio 43215

Dear Dr. Gutter:

Attached is a copy of the Resolution adopted by the Franklin County Board of Alcohol, Drug and Mental Health on April 5, 2005, requesting the Board of County Commissioners to submit to the electors of the County, on November 8, 2005, a ten (10) year tax levy in the amount of 2.2 mills for the benefit of providing the community alcohol, drug and mental health programs pursuant to Chapter 340 of the Ohio Revised Code.

Please review this request and advise the Board of Commissioners as to your Committee recommendations.

Thank you for your assistance.

Sincerely,

Mary Jo Kilroy, President
Franklin County Board of Commissioners

Enclosure

cc: Dewey R. Stokes, Franklin County Commissioner
Paula Brooks, Franklin County Commissioner
Human Services Levy Review Committee members
David Royer, CEO, ADAMH Board of Franklin County
Mark A. Gibson, County Administrator
Christy A. Saxton, Interim Director, Office of Management and Budget

Franklin County Commissioners
Mary Jo Kilroy • Dewey R. Stokes • Paula Brooks

www.FranklinCountyOhio.gov

